

Preface

Section 560.03 (15) of the Wisconsin Statutes requires the Department of Commerce to submit an annual report to the legislature analyzing the use of Industrial Revenue Bond (IRB) financing authorized under Section 66.1103 of the Wisconsin Statutes. The report must include the effect of IRB financing on employment in the state, including the number of full-time equivalent employment positions created by IRB-financed projects, and the impact on employment in Wisconsin municipalities in which businesses have used IRB financing to relocate to another Wisconsin community.

This report was produced by the Division of Community Development. The report was prepared by Steve Sabatke, IRB Specialist, under the guidance and supervision of Bill Wheeler, Director, Bureau of Enterprise Development. Tony Hozeny, Director, Office of Public Information, provided editorial assistance.

Sherry Pohlman, Treasury Manager, Wisconsin Housing and Economic Development Authority (WHEDA), provided the data on bond sales for the projects financed with bonds issued by WHEDA.

The department is also grateful to the many businesses, municipal officials, and bond attorneys who provided the information contained in this report.

INDUSTRIAL REVENUE BONDS

Introduction

Industrial Revenue Bonds (IRBs) are municipal bonds issued by cities, villages and towns to support industrial development in their communities. The proceeds of the bond issues are loaned to private persons or businesses to finance capital investment projects at manufacturing facilities. Municipalities can also issue IRBs on behalf of a limited number of non-manufacturing facilities, such as facilities for non-profit 501 (c)(3) organizations.

Even though IRBs are municipal bonds, they are not general obligations of the municipality. The municipality is not responsible for the debt service, nor is it liable in the case of default. The municipality lends its name, but not its credit, to the bond issue. The business, or the person, for whom the bonds are sold, is responsible for paying the principal and interest on the bonds.

There are several advantages to businesses for using IRBs to help finance their expansion projects. Unlike most conventional loans, IRBs can offer businesses a long-term, low-interest financing package. Because IRBs are municipal bonds, the interest earned from them is exempt from federal income taxes. As a result, the bond buyer is willing to accept a lower rate of interest in exchange for the tax-free income. Another attractive feature is that the terms of the loan agreement between the municipality, the bond buyer or underwriter, and the business can be negotiated to conform to the needs of the business. Bond proceeds can be used to finance the purchase of land, building construction, and new equipment. By issuing IRBs for an expansion of a manufacturing facility, the municipality can derive benefits such as job creation and the growth of the community's tax base. The IRB process also affords the local government the opportunity to develop a positive relationship with the business.

Volume Cap

Federal tax law limits the amount of tax-exempt bonds that can be issued in each state to non-government persons or businesses. These bonds, called Private Activity Bonds (PABs), are defined to include IRBs, single and multi-family housing bonds, redevelopment bonds, student loan bonds, and any other types of bonds that benefit private persons or businesses. The limit on the amount of PABs that can be issued in each state each year is called the unified volume cap for PABs. The unified volume cap is calculated by multiplying the most recent estimate of the State's resident population, as published by the U.S. Bureau of the Census, by a specific multiplier. The multiplier increased to \$75 per capita on January 1, 2002 under a law enacted December 2000.

Under the volume cap increase enacted in 2000, the cap was to be adjusted for inflation each year starting January 1, 2003. That adjustment is based on the increase in the consumer price index at the close of the 12-month period ending the preceding August 31st. In 2003, the per capita amount in Wisconsin didn't increase because the inflation

adjustment of 1.59% was not large enough to trigger a requirement that the \$75 per-person limit be increased in multiples of \$5.00. When the \$75 per-person cap was adjusted for the 1.59% increase, the new cap was only \$76.19. Due to the requirement that the increase be rounded to the nearest \$5.00 multiple, the cap remained at \$75 for 2003 because it would have had to reach \$77.50 before it could have been rounded to \$80 per capita.

Table 1 shows how volume cap for Wisconsin has changed over the last six years.

TABLE 1
STATE OF WISCONSIN UNIFIED VOLUME CAP FOR PRIVATE ACTIVITY BONDS

Year:	Population	Cap Multiplier	Total Volume Cap
1997:	5,160,000	X \$50	\$258,000,000
1998:	5,170,000	X \$50	\$258,500,000
1999:	5,223,500	X \$50	\$261,175,000
2000:	5,250,446	X \$50	\$262,522,300
2001:	5,363,675	X \$62.50	\$335,229,688
2002:	5,401,906	X \$75	\$405,142,950
2003:	5,441,196	X \$75	\$408,089,700

Volume Cap Allocation

Federal tax law allows each state to establish its own formula for allocating its annual volume cap. Section 560.032 of the Wisconsin Statutes requires the department to establish, by administrative rule, the system for the allocation of Wisconsin's volume cap. Wisconsin's volume cap allocation formula is provided in Chapter Comm 113, Wis. Adm. Code. In 2001, the administrative code was changed to reflect the increased volume cap limits. The following section of the revised rule includes the new formula for volume cap allocation in the state.

Comm 113.03 Allocation to WHEDA. (1) There is allocated annually to WHEDA 50% of the base level established by the total amount of unified volume cap for the year 2000, less the \$10 million set aside for the building commission, plus a percentage of the total increase above that base in volume cap as follows: 2001 (75%), 2002 (70%), 2003 (65%), 2004 (60%). In the year 2005, and thereafter, WHEDA shall be allocated 50% of the total amount of unified volume cap less the amount allocated to the building commission under s. Comm 113.04.

(2) The volume cap allocated to WHEDA shall be further allocated to local issuers by WHEDA under sub. (3) or utilized by WHEDA for single-family housing bonds, multi-family housing bonds and beginning farmer bonds. WHEDA shall certify to the department promptly after issuance of any private activity bonds the total amount of the bonds issued pursuant to this allocation.

(3) From the volume cap allocated under sub. (2), WHEDA shall, until October 1 each year, set aside \$15 million in volume cap for local issuers of multi-family housing bonds

pursuant to guidelines established by WHEDA and approved by the department. WHEDA shall consider requests in excess of the set aside until October 1 each year.

The rule also provides that \$10 million of the total volume cap be allocated to the State Building Commission. Any unused portion of the commission's allocation automatically transfers to the department as of September 1. The remainder of the total volume cap is allocated to the department for use as industrial revenue bonds for manufacturing purposes. No changes were made to the code for 2003.

Table 2 provides the accounting of Wisconsin's unified volume cap in 2003 for the separate allocations specified in Chapter Comm 113, Wis. Adm. Code.

TABLE 2
ACCOUNTING OF WISCONSIN'S 2003 VOLUME CAP FOR PRIVATE ACTIVITY BONDS

Initial allocations	Building Comm. \$10,000,000	WHEDA \$220,879,960	Commerce \$177,209,740	Total \$408,089,700
Set-aside categories				
Single-family housing	\$0	\$0	\$0	\$0
Multi-family housing	\$0	\$39,110,000	\$0	\$39,110,000
Issuer-owned project bonds	\$0	\$0	\$0	\$0
All other Private Activity Bonds	\$0	\$554,850	\$56,915,000	\$57,469,850
Total allocations made	\$0	\$39,664,850	\$56,915,000	\$96,579,850
Balance	\$10,000,000	\$181,215,110	\$120,294,740	\$311,509,850
Transfers to Commerce*	(\$10,000,000)	\$0	\$10,000,000	\$0
Balances 12/29/03**	\$0	\$181,215,110	\$130,294,740	\$311,509,850
WHEDA carryforward 12/30/03	\$0	\$311,509,850	\$0	\$311,509,850

*\$10,000,000 transferred to Commerce 09/01/03.

**Commerce's balance of \$130,294,740 transferred to WHEDA as of 12/30/03.

Out of its \$220,879,960 allocation in **2003**, WHEDA used \$39,110,000 of cap for multi-family housing bonds, and \$554,850 for beginning farmer bonds. On September 1, 2003, the department received \$10,000,000 in unused cap from the State Building Commission, following Section Comm 113.04, Wis. Adm. Code. The department used all of its cap allocation except \$130,294,740 and assigned this amount to WHEDA on December 30, 2003. WHEDA then had a balance of \$311,509,850, which it carried forward.

COMMERCE – 2003 VOLUME CAP/IRB ACTIVITY

Application Process

Businesses, interested in IRB financing, are required to contact a Commerce Area Development Manager and complete a Prospect Data Sheet. The department reviews and evaluates each project in accordance with an annual volume cap allocation plan. The 2003 plan's goals and objectives included the following:

- ◆ Retain and expand Wisconsin's economic base by focusing on manufacturers that provide high wages and benefits.
- ◆ Consideration given to the industry clusters that involve manufacturing.
- ◆ Target market-leading companies.
- ◆ Target science and technology-based businesses including those that incorporate new technology in the manufacturing process.
- ◆ Meet regional economic needs by giving consideration to the geographical distribution of volume cap.
- ◆ Target business development and volume cap to distressed areas of the state including Community Development Zones.
- ◆ Utilize Industrial Revenue Bonds in the development of Brownfield sites.
- ◆ Generate new private investment in the state by leveraging private dollars with IRB proceeds.
- ◆ Target companies with growing export bases.
- ◆ Utilize available carry forward volume cap for exempt projects unless specified by the Secretary and the Volume Cap Allocation Council.

The Volume Cap Allocation Council continues to evaluate applications for volume cap and make recommendations to the secretary of the department. The secretary makes the final decisions on the allocation of volume cap. Under Section Comm. 113.05, Wis. Adm. Code, the council consists of the secretary of the department or the secretary's designee, the executive director of WHEDA or designee, and up to five additional members appointed by the secretary for two-year terms. In 2003, council members were Secretary Cory Nettles, Department of Commerce; Antonio Riley, Executive Director, WHEDA; James Hegenbarth, Park Bank; Russell Schuler, Wisconsin Business Bank; Kristin Yates, Holt-Smith & Yates, Advisors; and Roger Nacker, Wisconsin Economic Development Institute.

Summary – 2003 Commerce Volume Cap Allocation

A total of 22 companies requested an allocation of volume cap in **2003**. The total amount of cap requested initially by the 22 applicants was \$86,635,000. Fourteen of the 22 companies closed on IRBs, totaling \$50,415,000, for manufacturing expansion projects. The total amount of cap requested initially by the 14 projects was \$57,685,000. The department also allocated \$6,500,000 for carry-forward purposes for an exempt project. Of the seven projects that did not issue IRBs, six withdrew their requests prior to receiving cap, and one surrendered its allocation after receiving it. Two applicants indicated they may reapply for an allocation in 2004.

Table 3 details the economic impact of the new expansion projects.

TABLE 3
2003 Volume Cap Allocation – Economic Impact

Year	Cap Allocated	Projects	Jobs Created	Average Starting Wage	Jobs Retained	Total Investment	Taxable Property Created
2003	\$50,415,000	14	576	\$14.28	1,381	\$71,948,646	\$38,006,804

An average of 41 new jobs per project will be created. The average allocation of volume cap per project was \$3,601,071.

Table 4 breaks down the allocation of volume cap by city, township and village for 2003.

TABLE 4
2003 Volume Cap Allocation – Municipalities

Year	Cities	Townships	Villages	Counties
2003	7	5	2	10

The following breaks down the 14 projects in **2003** by the type of project.

- Expansions at the present location: 6
- Relocations from within the state: 3
- Relocations within the same municipality: 3
- Branch – Wisconsin operation: 1
- New Business: 1

Relocations

Five companies that used IRB financing in 2003 relocated either their full operation or a branch operation to another community. All of the companies that were relocating expected that most, if not all, of their existing employees would transfer to the new sites. Table 5 provides more detail.

Table 5
Relocation From Within The State (2003 IRB)

Bond Recipient	From	To	Jobs Before Project	Jobs Maintained	Jobs Eliminated	Jobs Created
Cambridge Major Laboratories**	Milwaukee	Germantown	2	2	0	23
Performance Pallet Corp.	Town of Oneida	Seymour	64	64	0	38
MaraTech International	Wausau	Marathon City	79	79	0	20
Conflex Packaging, Inc.	Glendale	Germantown	24	24	0	9
SPI Lighting, Inc.**	Greenville	Mequon	24	24	0	30

**Relocated smaller branch operations to other communities. The main operations for both companies remained in the same communities.

Volume Cap Allocation Council meetings

The Volume Cap Allocation Council met three times in **2003**. Table 6 shows how much cap was allocated at each meeting and the number of projects that subsequently closed on their bond issues following the allocation.

Table 6
Volume Cap Allocation Council meetings (2003)

Meeting Date	# of Approved Projects	Amount of Cap Allocated	# of Projects that Closed	Amount Issued	Cap Returned to Pool
04/10/03	5	\$20,835,000	4	\$14,080,000	\$6,755,000
09/09/03	4	\$19,450,000	4	\$17,950,000	\$1,500,000
11/17/03	6	\$20,635,000	6	\$18,385,000	\$2,250,000
Totals	15	\$60,920,000	14	\$50,415,000	\$10,505,000

Carry-forward Volume Cap

Pursuant to Section Comm 113.08, Wis. Adm. Code, the department can allocate volume cap for carry-forward purposes on the next to last working day of the year. The department can carry-forward volume cap for “exempt” projects, such as solid waste disposal or sewage facilities. In **2003**, the department received one request for carry-forward volume cap, totaling \$6,500,000, from Saucedo Sanitation, LLC to help finance

an expansion in Milwaukee for construction and demolition waste recycling. The department allocated \$6,500,000 to the company on 12/29/03. The bonds subject to these carry-forward allocations must be sold within the next three years.

A total of \$50,000,000 in bonds were issued for Waste Management, Inc., another exempt project, in 2003. The department allocated \$25,000,000 in carry-forward volume cap to the company in 2001, and an additional \$25,000,000 in 2002.

2003 Volume Cap – Bond Issue Terms

All of the 14 IRB issues that required an allocation of volume cap in **2003** carried variable interest rates. The average term was 21.6 years. Twelve of the 14 issues involved either underwriters or placement agents selling or placing the bonds. Two of the issues involved direct purchases of the bonds by banks.

Table 7 lists the projects that received cap and issued IRBs in 2003 (including carry-forward).

Pages 11 through 14 provide more detail on the manufacturing expansion projects that utilized IRB financing in 2003.

Table 7
2003 Volume Cap Allocation

Applicant	Business Activity	Issuer	Volume Cap	Total Project Cost	Taxable Property	New Jobs	Jobs Retained	Average Wage
Performance Pallet Corp.	Wooden pallets	Seymour (C)	\$2,245,000	\$3,300,000	\$950,000	38	64	\$11.05
W.S. Darley & Co.	Fire fighting equipment	Chippewa Falls (C)	\$2,935,000	\$4,427,500	\$3,377,500	6	99	\$18.97
Gunner Press & Finishing, LLC	Commercial printing	Pewaukee (C)	\$2,900,000	\$6,300,000	\$1,100,000	29	55	\$23.53
Conflex Packaging, Inc.	Shrink wrap packaging equipment	Germantown (V)	\$1,750,000	\$3,670,000	\$2,670,000	9	24	\$19.44
Cambridge Major Laboratories, Inc.	Active pharmaceutical ingredients	Germantown (V)	\$6,000,000	\$6,240,000	\$4,445,000	23	31	\$23.13
Fred Usinger, Inc.	Sausage products	RDA Milwaukee	\$6,700,000	\$9,535,146	\$7,024,760	2	135	\$10.70
Baker Cheese Factory, Inc.	String cheese	Forest (T)	\$4,500,000	\$5,225,000	\$2,462,000	34	110	\$13.38
MaraTech International, Ltd.	Pressure-sensitive papers and silicone release liners	RDA Marathon City	\$5,000,000	\$6,950,000	\$4,570,000	20	79	\$8.80
Crown Prince, Inc.	Screen printing	Oak Creek (C)	\$2,235,000	\$2,510,000	\$195,000	198	183	\$11.19
L.S.I., Inc. - New Glarus	Meat snacks	New Glarus (V)	\$4,250,000	\$6,000,000	\$3,415,000	40	195	\$12.14
Pensar Electronic Solutions	Electronic assemblies	Appleton (C)	\$3,000,000	\$4,941,000	\$350,544	66	99	\$10.93
Select Trusses & Lumber, Inc.	Wood roof and floor trusses	West Salem (V)	\$4,200,000	\$5,750,000	\$4,027,000	30	65	\$11.70
SPI Lighting, Inc.	Lighting fixtures	Mequon (C)	\$2,600,000	\$3,100,000	\$2,140,000	30	165	\$13.06
Tom's Quality Millwork, Inc.	Hardwood moldings, boards	Ashford (T)	\$2,100,000	\$4,000,000	\$1,280,000	51	77	\$11.92
Totals			\$50,415,000	\$71,948,646	\$38,006,804	576	1381	\$14.28
<i>Carryforward Allocation***</i>								
Sauceda Sanitation, LLC	Construction and demolition waste collection and removal	RDA Milwaukee	\$6,500,000	\$8,080,000	\$4,733,000	86	4	\$14.21
*** Recipients of carryforward volume cap have a total of three years to close on the bond issue.								
Total volume cap available in 2003: \$187,209,740								
Total cap certified in 2003: (\$56,915,000)								
Remaining cap to WHEDA: \$130,294,740								

C: City V: Village T: Town RDA: Redevelopment Authority

Cambridge Major Laboratories, Inc.

IRB: \$6,000,000 **Issuer:** Village of Germantown (Washington County)

Cambridge Major Laboratories, Inc. is one of the fastest growing contract chemistry organizations in the country. The company manufactures Active Pharmaceutical Ingredients, advanced intermediates, specialty reagents, and fine chemicals. The company was established in 1999.

The project includes construction and equipping of a 31,000 square foot facility in the Germantown Industrial Park, to replace smaller facilities in Germantown and Milwaukee. The project will allow the company to manufacture larger volumes of product and enter new markets.

Gunner Press & Finishing, LLC

IRB: \$2,900,000 **Issuer:** City of Pewaukee (Waukesha County)

Gunner Press & Finishing, LLC is a Wisconsin-based commercial printer that specializes in high quality web printing using the latest in technology. The company grew out of the commercial print broker J.B. Kenehan, Inc. in 1999.

The project includes construction of a 20,000 square foot addition to the existing facility in Pewaukee and the purchase of equipment, including a second web press. The company financed the acquisition and rehabilitation of its building with an IRB of \$2,780,000 in 2000.

Performance Pallet Corp.

IRB: \$2,245,000 **Issuer:** City of Seymour (Outagamie County)

Performance Pallet Corp. manufactures and recycles wooden pallets for the retail, manufacturing, transportation, and warehousing markets. The company started as a small, sideline business in 1983.

The project includes the acquisition and rehabilitation of the 104,000 square foot former Chilton Toys facility in Seymour. The plant was closed in 2000. The facility replaces the company's existing facility located five miles outside the city. The new location provides the company with more space for growth.

W.S. Darley & Co.

IRB: \$2,935,000 **Issuer:** City of Chippewa Falls (Chippewa County)

W.S. Darley & Co. manufactures fire fighting pumps, trucks and equipment. The company was founded in 1908 in Chicago. It manufactured its first fire pump in Chippewa Falls in 1934.

The project includes the construction and equipping of a 57,500 square foot addition to its pump plant in Chippewa Falls to increase capacity. Also, the company's machining and engineering operations will be moved to the expanded facility from another location in the community.

Baker Cheese Factory, Inc.

IRB: \$4,500,000 **Issuer:** Town of Forest (Fond du Lac County)

Baker Cheese Factory, Inc. produces string cheese and mozzarella products. Baker Cheese originated in 1916 when Frank Baker bought a small cheddar cheese plant at the company's current location.

The project includes a 20,000 square foot expansion of the existing facility and the purchase of equipment. The expansion allows the company to increase production capacity and take on new business.

Conflex Packaging, Inc.

IRB: \$1,750,000 **Issuer:** Village of Germantown (Washington County)

Conflex Packaging, Inc. manufactures state-of-the-art shrink wrap packaging equipment for a number of different industries. The company's owner purchased the assets of the company and moved them from Illinois to Glendale, WI in 1988.

The project includes the construction and equipping of a 40,000 square foot facility in the Germantown Business Park. The company needs the larger facility to accommodate anticipated production from a long-term contract for worldwide distribution.

Fred Usinger, Inc.

IRB: \$6,700,000 **Issuer:** Redevelopment Authority of the City of Milwaukee (Milwaukee County)

Fred Usinger, Inc., a/k/a Usinger's Famous Sausage, has been making quality sausage products since 1880. The company produces over 70 varieties, which are sold throughout the country.

The project includes the construction and equipping of a 32,000 square foot addition to the company's distribution center in Milwaukee. The company's cooking, smoking, slicing and packaging operations will relocate to the addition from the downtown location.

MaraTech International, Ltd.

IRB: \$5,000,000 **Issuer:** Redevelopment Authority of the Village of Marathon City (Marathon County)

MaraTech International, Ltd. Is the world's largest supplier of reprocessed pressure-sensitive papers, and silicone release liners. The company is regarded as a worldwide leader in the reprocessing of non-recyclables such as coated and laminated papers.

The project includes the construction and equipping of a new 184,500 square foot facility in the Village of Marathon City business park. The new facility replaces four separate operating locations in Wausau. The company needed more room for growth and efficiency.

Crown Prince, Inc.

IRB: \$2,235,000 **Issuer:** City of Oak Creek (Milwaukee County)

Crown Prince, Inc. does screen printing and embroidery on apparel for primarily the retail market. The company started in Wisconsin in 1945 and presently serves a national market area.

The project includes the acquisition, renovation and equipping of an existing 85,000 square foot building in Oak Creek. The building had been vacant since January 2002. The company's production operations in Franklin will move to Oak Creek, while the warehousing, shipping and receiving, and most of the corporate operations remain in Franklin.

L.S.I., Inc. – New Glarus

IRB: \$4,250,000 **Issuer:** Village of New Glarus (Green County)

L.S.I., Inc. - New Glarus produces sausage, smoked meats, and meat snacks. The majority of the company's sales are to an affiliated company, Link Snacks, Inc., which does business as Jack Link's Beef Jerky.

The project includes a two-phase 43,000 square foot expansion of the existing production facility in New Glarus. The expansion allows the company to increase production capacity, make new products, and improve product quality.

Pensar Electronic Solutions, LLC

IRB: \$3,000,000 **Issuer:** City of Appleton (Outagamie County)

Pensar Electronic Solutions, LLC provides electronic assembly contract manufacturing services to original equipment manufacturers in the commercial, industrial, medical, networking, and communication markets. The company acquired SMTC Manufacturing Corporation in Appleton in 2003.

The project includes the acquisition of the SMTC land, building and equipment, the renovation of the facility, and the purchase of additional equipment. The SMTC operations in Appleton was in danger of closing prior to the acquisition.

Select Trusses & Lumber, Inc.

IRB: \$4,200,000 **Issuer:** Village of West Salem (La Crosse County)

Select Trusses & Lumber, Inc. manufactures wood roof and floor trusses for the residential, commercial, and agricultural markets. The company specializes in custom designed and engineered trusses for homes, commercial businesses, churches, barns, machine sheds, and other farm buildings.

The project includes the construction and equipping of a new 62,000 square foot facility in West Salem. The company outgrew its existing facilities.

SPI Lighting, Inc.

IRB: \$2,600,000 **Issuer:** City of Mequon (Ozaukee County)

SPI Lighting, Inc. is a leading manufacturer of specification grade commercial, architectural and performance oriented lighting systems. The company makes a variety of indirect lighting fixtures for a national market area.

The project includes the construction and equipping of a 38,000 square foot addition to its existing facility in Mequon. The company's components manufacturing operations in Greenville will be relocated to Mequon to consolidate all of the company's operations at a single location. The company is also acquiring additional land for future growth.

Tom's Quality Millwork, Inc.

IRB: \$2,100,000 **Issuer:** Town of Ashford (Fond du Lac County)

Tom's Quality Millwork, Inc. manufactures crown molding, baseboards, S4S boards, veneered jambs, and stair parts for major home center chains, and millwork and hardwood distributors. The company is widely recognized for its high quality hardwood products.

The project includes a 90,000 square foot expansion of the existing facilities for pre-finishing, and expansion of the company's product lines. The project also includes the purchase of equipment. The company will operate out of total of 277,000 square feet following the expansion.

1997-2003 VOLUME CAP – SUMMARY

From 1997 through 2003, the department allocated volume cap for manufacturing expansion projects in 45 of the state's 72 counties. The following is a summary of IRB-Volume Cap activity from 1997 through 2003. The map on page 16 summarizes which counties had projects that received allocations of volume cap.

Number of Issues: 254

Total amount issued: \$730,089,376

Jobs created: 13,968
Jobs retained: 33,211
Total capital investment: \$1,744,178,067
New taxable property: \$690,658,362
Average starting wage: \$13.83/hour

OTHER IRB ISSUES – 2003

Private Activity Bond issues in 2003 that did not require an allocation of volume cap are listed in Table 8. These are projects that reported to the department under Section 66.1103 of the Wisconsin Statutes. The list does not include bonds that were issued strictly for the purpose of refinancing a prior issue.

Table 8
2003 IRB Activity – Non-Volume Cap

Participant	Issuer	Amount
Hayward Area Memorial Hospital	Hayward (T)	\$9,997,600
St. Croix Valley YMCA	Hudson (C)	\$950,000
Christian Community Home of Hudson	Hudson (C)	\$4,400,000
Air Wisconsin Airlines Corporation	Milwaukee (C)	\$4,275,000
Greater Green Bay YMCA, Inc.	Bellevue (V)	\$5,000,000

SUMMARY

The department's IRB activity in 2003 once again reflected a national trend; IRB issuance for manufacturing was down compared to past years due to the economy, lower interest rates for conventional financing, and a capital investment limit that is mandated by the federal tax code.

The investment limit requires that capital expenditures by the users of the IRBs not exceed \$10,000,000, in the municipality where the project is located, during a six-year period beginning three years before the date of issue to three years after. As in 2001 and 2002, some companies that were interested in pursuing IRB financing in 2003 withdrew from the process due to concerns over exceeding the limit. Efforts have been ongoing to convince Congress to increase the limit.

IRB activity can also be soft when interest rates are low as companies opt for conventional financing without the state and federal requirements that accompany IRB financing.

IRB Issues (1997–2003)

